

**Idaho Grain Market Report, May 8, 2008**

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**Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, May 7, 2008. Barley prices in \$/Cwt. and wheat prices in \$/bu.**

Selected Locations	Barley (Cwt.)		Wheat (bu.)		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$14.00 (6-R) \$14.00	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	NQ	(2-R) \$14.50-\$15.00 (6-R) \$14.50	NQ	NQ	NQ
Blackfoot / Pocatello	\$7.65	(2-R) \$14.20 (6-R) \$14.20	\$8.00	\$8.37	\$10.17
Grace / Soda Springs	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Burley / Rupert	\$9.05-\$10.00	(2-R) \$14.50 (6-R) NQ	\$8.60-\$8.85	\$8.02	\$9.31
Hazelton		(2-R) NQ (6-R) NQ			
Twin Falls / Buhl	\$9.00-\$9.50	(2-R) NQ (6-R) NQ	\$8.75	NQ	NQ
Eden		(2-R) NQ (6-R) NQ			
Weiser	\$8.00	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Nez Perce / Craigmont	\$9.78	(2-R) \$13.28 (6-R) \$13.28	\$7.86	\$9.28	\$10.89
Lewiston	\$10.18	(2-R) \$13.68 (6-R) \$13.68	\$7.58	\$9.48	\$11.07
Moscow / Genesee	\$9.83-\$10.00	(2-R) \$13.33 (6-R) \$13.33	\$7.32	\$9.29-\$10.20	\$10.89-\$12.25

**Trading Prices at Selected Terminal Markets, cash prices FOB**

	Barley (Cwt.)		Wheat (bu.)			
	#2 Feed 46 lbs. -- unit trains barge	Single rail cars-domestic	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% protein
Portland	NQ	NQ	NQ	July \$7.90-\$8.00 New Crop \$7.90-\$8.00	May \$9.94-\$10.34 New Crop \$9.46-\$9.53	May \$12.03-\$12.18 New Crop \$10.01-\$10.26
Los Angeles	\$13.00	NQ	NQ	NQ	NQ	NQ
Stockton	\$14.50-\$14.85	NQ	NQ	NQ	NQ	NQ
Tulare	\$13.50	NQ	NQ	NQ	NQ	NQ
Ogden	\$9.80	NQ	NQ	\$9.85	\$8.63	\$10.18
Great Falls	\$7.85-\$8.55	NQ	\$14.50	NQ	\$7.38-\$8.07	\$9.93-\$10.86
Minneapolis	\$11.15	NQ	\$15.10	NQ	\$10.31 (12%)	\$11.71-\$11.96

**Market trends this week**

**BARLEY** – Local barley prices were unchanged this week. Barley export sales last week totaled 1.2 TMT mainly for Japan. Exports totaled 29.9 TMT, to Japan and Canada.

**USDA's first S&D report for MY 2008/09 - BARLEY – May 9** – For MY 07/08 which ends May 31, USDA increased imports by 3 million bu to 23 million bu and raised ending stocks by 3 million bu to 59 million. **For New Marketing Year 2008/09**, USDA pegged beginning stocks at 59 million bu, 2008 production at 235 million bu (up 11%), raised domestic feed usage to 65 million bu (up 5 million bu), lowered exports to 25 million bu (down 15 million bu) and raised ending stocks to 79 million bu (up 20 million bu or 34%). Average farm gate price for U.S. barley was pegged at \$5.70-6.70/bu, compared to \$4.00 in 2007/08. **World barley production was pegged at**

Major Barley Competitors	MY 2008/09 Production	% change	MY 2008/09 Exports	% change
U.S.	5.117 MMT	+ 11%	.55 MMT	- 45%
EU-27	59.99 MMT	+ 4%	5.00 MMT	+ 19%
Canada	10.50 MMT	- 5%	1.50 MMT	- 43%
Australia	8.50 MMT	+ 44%	4.00 MMT	+ 74%
Russia	17.00 MMT	+ 9%	1.20 MMT	+ 20%
Ukraine	10.00 MMT	+ 67%	4.00 MMT	+135%

**Barley Competitor/Buyer News** – Stats Canada released their quarterly grain stocks report this week, showing Canadian barley stocks at 4.46 MMT, down 2.4% from a year ago but well below the 5-year average of 5.4 MMT.

**WHEAT** – Local wheat prices were mixed this week with SWW trading mostly lower and HRW and DNS mostly higher. Net wheat export sales last week came in at 178.8 TMT (plus 312.9 TMT new crop), which was 2% above the previous week but 22% below the prior 4-week average. Export shipments last week totaled 631.9 TMT, 10% above the previous week and 15% above the prior 4-week average.

**USDA's first S&D report for MY 2008/09 - WHEAT – May 9** - For MY 07/08 which ends May 31, USDA made a few tweaks - increased wheat imports by 5 million bu to 95 million bu, raised domestic seed usage by 2 million bu to 88 million bu, raised exports by 5 million bu to 1.28 billion bu and lowered ending stocks by 3 million bu to 239 million bu. This compares with an average pre-report trade estimate of 247 million bu. **For New Marketing Year 2008/09**, USDA pegged beginning stocks at 239 million bu, 2008 production at 2.392 billion bu (up 16%), raised domestic usage to 1.274 billion bu (up 176 million bu), lowered exports to 975 million bu (down 305 million bu) and more than doubled ending stocks to 483 million bu (up 244 million bu or 102%). This compares with an average pre-report trade estimate of 428 million bu. Average farm gate price for U.S. wheat was pegged at \$6.60-8.10/bu, compared to \$6.55 in 2007/08. **World wheat production was pegged at a record 656 MMT, up 8% from the year before, and world ending stocks at 123.99 MMT, up 13%. Higher production and exports were projected for most of the world's major wheat exporters –**

Major Wheat Competitors	MY 2008/09 Production	% change	MY 2008/09 Exports	% change
U.S.	65.1 MMT	+ 16%	26.54 MMT	- 24%
EU-27	140 MMT	+ 17%	15.00 MMT	+ 67%
Canada	25 MMT	+ 25%	17.00 MMT	+ 17%
Australia	24 MMT	+ 83%	15.00 MMT	+100%
Argentina	15 MMT	- 3%	9.50 MMT	- 5%
Russia	52 MMT	+ 5%	12.50 MMT	+ 4%
Ukraine	20 MMT	+ 44%	6.00 MMT	+657%

**Wheat Competitor/Buyer News** – Stats Canada reported Canadian wheat stocks in line with pre-report trade expectations at 10.825 MMT, down 32% from a year ago. USDA has confirmed that Iraq purchased 300 TMT of U.S. wheat this week. Jordan purchased 100 TMT of Ukrainian wheat for June and July shipment. Tunisia bought 109 TMT of optional origin milling wheat.

**CORN** – Corn export sales last week hit a marketing year low at 337.2 TMT (plus 63.3 TMT new crop), 39% below the previous week and 50% under the prior 4-week average. Corn export shipments last week totaled 937.5 TMT, which was 7% below the previous week and 16% under the prior 4-week average.

**USDA's first S&D report for MY 2008/09 - CORN – May 9** - For MY 07/08 which ends Sept. 30, USDA lowered their estimate of corn used for ethanol production by 100 million bu to 3.0 billion bu and raised ending stocks by an equal amount to 1.383 billion bu. This compares with an average pre-report trade estimate of 1.311 billion bu. **For New Marketing Year 2008/09**, USDA pegged beginning stocks at 1.383 billion bu, 2008 production at 12.125 billion bu (down 7%), lowered domestic feed usage to 5.3 billion bu (down 850 million bu), raised domestic ethanol usage to 4.0 billion bu (up 1.0 billion bu), lowered exports to 2.1 billion bu (down 400 million bu) and cut ending stocks to 763 million bu (down 620 million bu or 45%). This compares with an average pre-report trade estimate of 685 million bu. Average farm gate price for U.S. corn was pegged at \$5.00-6.00/bu, compared to \$4.10-4.40 in 2007/08. **World corn production was pegged at 777.56 MMT, down slightly from the current year, but ending stocks are projected to decline 10% to 99.03 MMT – a 25-year low - primarily due to a smaller U.S. corn crop.**

Major Corn Competitors	MY 2008/09 Production	% Change	MY 2008/09 Exports	% Change
U.S.	307.99 MMT	- 7%	53.34 MMT	- 16%
China	150.00 MMT	+ 3%	.5 MMT	0%

Argentina	23.50 MMT	+ 9%	16.2 MMT	+ 8%
Brazil	57.00 MMT	+ 2%	10.0 MMT	- 9%
South Africa	11.50 MMT	0%	2.5 MMT	+ 19%

**Corn Competitor/Buyers News** – Turkey tendered last week for 150 TMT of optional origin corn and is expected to hold a second tender to buy an additional 150 TMT.

#### Futures market activity this week

**Wheat** – Wheat prices began the week lower in a lackluster trading session and ideas that the U.S. winter wheat crop escaped freeze damage over the weekend. Spillover support from other grains and outside markets pulled wheat prices higher on Tuesday. Prices closed lower again on Wednesday in anticipation of larger U.S. and world wheat crops. Kansas wheat yields are pegged 14% higher than a year ago. Wheat finished higher on Thursday on short covering ahead of Friday's key S&D report for the new marketing year and spillover support from higher corn and rice.

**Wheat market closes on Thursday, 5/08.**

	<u>May 08</u>	<u>Weekly Summary</u>	<u>July 08</u>	<u>Weekly Summary</u>
Chicago	\$8.09	Up \$.13	\$8.22	Up \$.13
Kansas City	\$9.00	Up \$.02	\$8.68	Up \$.06 <sup>3</sup> / <sub>4</sub>
Minneapolis DNS	\$12.10	Up \$.55	\$10.03 <sup>1</sup> / <sub>4</sub>	Up \$.06 <sup>1</sup> / <sub>4</sub>

**Corn** – The corn market began the week sharply lower on mixed weather outlook and disappointing export inspections. Prices closed higher on Tuesday on renewed speculative buying and record high crude oil prices, which topped \$122/barrel. Several commodity analysts are now projecting that crude oil could reach \$150-\$200/barrel oil within the next two years. Corn prices closed higher on both Wednesday and Thursday on concerns about continued planting delays due to wet conditions throughout the Corn Belt. Corn finished at new all time highs on Thursday in positioning ahead of Friday's S&D projections. Crude oil closed higher for the fifth consecutive day, setting another all time high of \$124.57. **May 08 corn contract closed on Thursday, 5/08, at \$6.18 <sup>3</sup>/<sub>4</sub>, up \$.16 <sup>3</sup>/<sub>4</sub> for the week and the July 08 contact at \$6.30 <sup>1</sup>/<sub>4</sub>, up \$.17 <sup>1</sup>/<sub>4</sub> for the week.**

#### Market-Moving Factors to Watch

- § **Weather Watch** – Wet weather continued in the Corn Belt this week. Much of the region saw 1 to 2 inches of rain midweek and more precipitation is expected over the weekend and again next Wednesday. Planting delays are expected in many areas until the end of next week.
- § **Winter Wheat Crop Outlook** – recent beneficial moisture lifted winter wheat ratings up another 1% this week to 47% good/excellent but still 10% below a year ago. Winter wheat crop tour participants pegged the Kansas wheat crop at 45.4 bu/ac compared to 40 bu last year.
- § **Outside market influences** – Crude oil prices continued to climb to new all time highs this week, providing underlying support to commodities. Corn and wheat also were influenced by higher soybean prices that were triggered Argentine farmers vote on Wednesday to conduct another 8-day national strike, blocking trucks on highways and preventing grains from moving to market. Farmers are protesting the Argentine government's soybean variable export taxes now levied at 40%.

#### USDA Crop Progress / Condition Report, May 5, 2008

Crop	% Planted	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
US barley	53%	35%	60%	58%			
<b>ID barley</b>	<b>54%</b>	<b>47%</b>	<b>77%</b>	<b>68%</b>			
US spring wheat	58%	34%	58%	62%			
<b>ID spring wheat</b>	<b>69%</b>	<b>55%</b>	<b>82%</b>	<b>79%</b>			
US winter Wheat <b>headed</b>	15%	7%	24%	25%	47%	46%	57%
<b>ID winter Wheat headed</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>83%</b>	<b>85%</b>	
<b>US Corn</b>	<b>27%</b>	<b>10%</b>	<b>45%</b>	<b>59%</b>			